

Chairman of the Domestic Policy Subcommittee, Congressman Dennis Kucinich (D-OH) today sent a letter to Ms. Mary Schapiro, Chair of the Securities and Exchange Commission (SEC) requesting documents that could reveal which government agency told the SEC to "stand down" rather than take enforcement action against the Stanford Group in October 2006 as has been reported by the New York Times.

Recent media reports have indicated that the SEC was aware of improprieties at Stanford Financial Group as early as October 2006, but withheld action at the request of another government agency.

In a report published in the February 17th edition of the New York Times, an SEC official said that an inquiry had been opened on Stanford in October of 2006. According to the Times report, an associate regional director of enforcement said the SEC "stood down" on its investigation as a result of the intervention of another federal agency.

Stanford is now the focus of an \$8 billion fraud investigation and, presumably, an earlier inquiry would have spared many Stanford investors and triggered similar inquiries into other funds which lacked transparency.

"The SEC's recent filing against Stanford stemmed from the 2006 SEC inquiry that had been apparently shelved at the request of the unnamed agency. If this is true, we must find out why the SEC delayed enforcement, and if there were other cases where other government agencies intervened to block enforcement," Chairman Kucinich said.

"If the SEC did indeed begin an inquiry in 2006 and was called off by another agency, our subcommittee will demand that the SEC reveal the name of that agency which told it not to enforce federal laws which protect investors," said Chairman Kucinich.

The full text of the letter follows:

February 20, 2009

Ms. Mary Schapiro
Chair
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Ms. Schapiro:

The Domestic Policy Subcommittee, House Oversight and Government Reform Committee is pleased that the Securities and Exchange Commission (SEC) has initiated an enforcement action against Robert Allen Stanford; however the Subcommittee remains concerned about the substantial delay in the Commission's action. Recent published news reports assert that as early as 2006, the SEC suspended its investigation of Stanford Group under pressure from another unidentified federal agency¹.

This assertion raises serious questions about the Commission's dedication to its mission of protecting investors. The Subcommittee is interested in learning why the SEC suspended in 2006 its investigation of Mr. Stanford's financial dealings, as well as any role that other federal agencies may have had in that decision.

In order to assist the Subcommittee with its inquiry, I request the following:

(1) All documents pertaining to "Robert Allen Stanford;" Stanford Financial Group and all subsidiaries; including all documents where abovementioned entities may have been referred to by alternate names or identifications; and

(2) All documents received by the SEC from any other federal agency, as well as all documents sent by the SEC to any other federal agency, that pertain to any of the entities covered in (1), between 2006 and the present date.

The Oversight and Government Reform Committee is the principal oversight committee in the House of Representatives and has broad oversight jurisdiction as set forth in House Rule X including over the Securities and Exchange Commission. An attachment to this letter provides information on how to respond to the Subcommittee's request.

We request that you provide these documents as soon as possible, but in no case later than 5:00 p.m. on Monday March 9, 2009.

Sincerely,

Dennis J. Kucinich
Chairman
Domestic Policy Subcommittee

1. Krauss, C., Zweig, P., and Creswell, J. "Texas Firm Accused of \$8 Billion Fraud." New York Times. February 17, 2009.

cc: Jim Jordan
Ranking Minority Member

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